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SUMMARY RECORD OF THE 31st MEETING

Chairman: Mr. HAMBURGER (Netherlands)

later: Mr. RAMOUL (Algeria)
(Vice-Chairman)

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The meeting was called to order at 4.30 p.m.

AGENDA ITEM 94: MACROECONOMIC POLICY QUESTIONS (continued) (A/51/87 and A/51/208-S/1996/543)

(c) TRADE AND DEVELOPMENT (continued) (A/51/15 (vols. I and II), A/51/152 and Add.1, A/51/211-S/1996/551, A/51/255, A/51/288, A/51/308, A/51/331 and A/51/394; A/C.2/51/4)

(d) COMMODITIES (continued)

Draft resolution on international trade and development (A/C.2/51/L.16)

1. Mrs. DENGO (Costa Rica) introduced the draft resolution, which had been submitted under agenda item 94 (c), on behalf of the sponsors.

2. Mr. FEDORTCHENKO (Russian Federation), speaking also on behalf of Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, said that the purpose of the draft resolution before the Committee was to consolidate efforts of the international community to liberalize and strengthen the international multilateral trading system and promote integration of all countries into the world economy. Such a universal resolution, however, should address the interests of all groups of countries. The members of the Commonwealth of Independent States (CIS) noted that trade barriers were hampering their expansion of foreign trade. Access to export markets was a priority, and, while they supported measures to protect against unfair competition, they considered the anti-dumping legislation passed by some countries against others without a market economy to be inappropriate.

3. In the interests of establishing stable and equitable market conditions on a reciprocal basis, the CIS countries favoured a permanent system of most-favoured-nation status. They were also concerned by discrimination against CIS countries in technology, particularly in the area of export agreements. Removing trade barriers would make a real contribution to market reforms and efforts towards regional economic integration.

4. Mr. ROWE (Australia), speaking on behalf of the Cairns Group of agricultural exporting countries, said that the Cairns Group, which had marked its tenth anniversary in 1996, had played a critical role in the Uruguay Round and continued to be an advocate for more open and less distorted agricultural markets. The effective and timely implementation of Uruguay Round commitments remained a top priority for the Cairns Group. On the whole, the implementation process was proceeding satisfactorily, and the World Trade Organization (WTO) Committee on Agriculture was continuing its important task of monitoring the Uruguay Round commitments.

5. The WTO Agreement on Agriculture recognized that agricultural trade reform was an ongoing process and that members had agreed to initiate further negotiations on agricultural issues. To that end, the Committee on Agriculture should further pursue the assessment of compliance with the Uruguay Round commitments and a process of analysis and information exchange in relation to the Agreement on Agriculture.

6. The Cairns Group recognized the positive contribution that an open world trading environment could make to economic growth and living standards in both developed and developing countries. A more open trading environment was directly related to opportunities for improving the capacity of many developing countries to exploit their comparative advantages in agricultural production.

7. Individual members of the Cairns Group wished to reinforce the positive linkage between world food security and agricultural trade liberalization. In that regard, the Group was concerned with the problems faced by net food-importing developing countries, particularly the least developed countries. However, many of the current problems in the grains sector stemmed from temporary factors related to crop failure and weather rather than the implementation of the Uruguay Round commitments on agriculture. The upward price trend in many products had already been reversed, owing to an increased crop in the current marketing year.

8. The Cairns Group strongly supported the Midrand Declaration adopted at the ninth session of the United Nations Conference on Trade and Development (UNCTAD) and was pleased to note the broad support for continuing liberalization, for the need for all countries to take responsibility through domestic policy-setting for their own development, and for the integration of all developing countries, particularly the least developed countries, into the world economy. The UNCTAD secretariat's current task was to implement the outcomes of the Conference's ninth session over the next four years until the convening of its tenth session in the year 2000.

9. Mr. Ramoul (Algeria), Vice-Chairman, took the Chair.

10. Mr. AL-HITTI (Iraq), having welcomed the report of the Secretary-General on strengthening international organizations in the area of multilateral trade (A/51/331) and the outcome of the ninth session of UNCTAD, said that economic cooperation, globalism and trade liberalization presented difficulties for developing countries in that they had been increasingly marginalized during the globalization process. Restrictions on the free movement of goods, services and technology should therefore be gradually lifted and attention devoted to the specific nature of the economies in those countries. Moreover, in view of the major challenge posed by the North-South divide in the post-cold-war era, it was now even more essential to adopt measures aimed at preventing such marginalization and ensuring that the developing countries participated in the global economy with the aim of achieving a partnership for development between them and the developed countries. The same applied to revival of the dialogue on development, including issues such as fair international trade and the exploitation of economic measures as a form of political and economic coercion against developing countries, which should also seek to protect themselves through regional economic associations, and by strengthening and expanding South-South cooperation.

11. It was equally essential to address the inhumane practice of using the economic embargo as a weapon against developing countries, particularly since it benefited not even the wealthy countries and ultimately created international destabilization, which was universally detrimental. The international organizations concerned with economic cooperation and development should be

further democratized and removed from under the control of the wealthy nations. As the ideal forum for multilateral negotiation with a view to balancing and strengthening international cooperation for development, the United Nations should ensure that it now fulfilled its inherent economic and social mandate. It should also ensure that the objective of fair and balanced sustainable development was an essential focus of its work.

12. Ms. HOMANOVS'KA (Ukraine) said that the consensus documents of the ninth session of UNCTAD reflected a real balance of interests among the different groups of Member States. It was important to preserve that balance in the follow-up to the Conference as well as in the activities of the entire United Nations system in the field of international trade and development.

13. One of the most important outcomes of the session was the recognition of UNCTAD as the key body of the United Nations system in the field of trade and the related issues of finance, technology, investment and sustainable development. That recognition should close the discussion regarding the place and role of UNCTAD since the establishment of WTO. Her delegation hoped that the decision on the major institutional reform of the Conference's intergovernmental machinery would enhance its role in providing technical assistance to developing countries and countries in transition in the process of their integration into the international trading system.

14. Despite current economic difficulties, the Government of Ukraine was gradually implementing a programme of economic reform that had been coordinated with the International Monetary Fund (IMF) and the World Bank. The programme consisted of a comprehensive reform of Ukraine's foreign trade regime in accordance with the rules of the multilateral General Agreement on Tariffs and Trade (GATT)/WTO trading system and the liberalization of foreign trade activities in the country. However, Ukraine still faced a significant number of problems stemming from anti-dumping measures with respect to competitive Ukrainian domestic products. Such measures were unfair, discriminatory and reflected a policy of protectionism.

15. The improved access of countries with economies in transition to the world market of goods and services could play a more important role in the revitalization of their economies than the provision of credits by international financial institutions. The hampered access of competitive products to world markets would limit the opportunities of those countries to pay off credits. Her delegation therefore appreciated the international community's active support of Ukraine and other economies in transition in their efforts to become full-fledged members of WTO.

16. Mr. BASMAJIEV (Bulgaria) said that his Government was strongly committed to the full implementation of the outcome of the Midrand conference and supported the streamlining of UNCTAD institutional machinery. The globalization of the world economy and liberalization of the multilateral trading system in the framework of GATT and WTO had increased the potential of international trade to become a major factor in economic growth and sustainable development and an important mechanism for the integration of developing countries. WTO must therefore become universal as soon as possible, because of its importance for international economic development and for the enforcement of structural and

market reforms in countries with transition economies, such as Bulgaria. It must also be strengthened as a dynamic forum for negotiation within the rule-based trading system.

17. The creation of an enabling environment for the expansion of regional trade through harmonization of norms was a key component of the activities of the Economic Commission for Europe. The Commission had also made commendable efforts in such related areas as the transport of goods and communications.

18. Mr. PHOMMAHAXAY (Lao People's Democratic Republic) said that the increasing interdependence resulting from the globalization of the economy had created opportunities for growth, but at the same time had exposed a number of developing countries, especially the least developed, to new risks and difficulties. Many had failed to benefit from free trade, capital inflows and investment, and the gap between rich and poor continued to widen despite structural adjustment efforts and economic reforms. More constructive dialogue and true partnership between North and South would help in joint efforts to redress the situation. Another issue of concern was the attempt to introduce new concepts linking trade measures to domestic standards in environment, labour laws and other areas. The use of such disguised protectionist measures would impose an unjustifiable economic and social burden on the developing countries.

19. His delegation welcomed the outcome of the ninth session of UNCTAD and supported the comments of the Secretary-General on the report of the Joint Inspection Unit, contained in document A/51/152/Add.1, which stressed the need for UNCTAD to continue to give due prominence to the unique development needs of the least developed, land-locked and island developing countries. In its efforts to remain competitive in the world economy, his country had decided 10 years earlier to transform its centrally planned economy into a market-based system. Over the past decade, the annual economic growth rate had increased significantly and living standards had gradually improved. In the context of regional economic integration, a recent summit meeting between Europe and Asia had taken some bold initiatives to foster cooperation between the two regional groups. One of those initiatives was the development of a rail link between Singapore, Malaysia, Thailand, Laos, Viet Nam, China and Europe. Closer ties between those economies, with Laos as a hub, would substantially accelerate development, promote trade and provide greater access to markets within the region.

20. Mr. DZUNDEV (The former Yugoslav Republic of Macedonia) said that the greatest factor in the success of the ninth session of UNCTAD had been the readiness of both the developed and developing countries to use the potential of globalization and the role of UNCTAD in it in the most rational way possible. It was also important to note that consensus had been reached that the destiny of UNCTAD was closely linked with the destiny of the United Nations.

21. His Government planned to use UNCTAD mechanisms for promoting its economic relations in Europe and the rest of the world. It would like to see more attention paid to the strengthening of small and medium-sized enterprises to enable them to become more competitive. The countries of central and southern Europe saw their future development in the light of the development of the European economy, and looked towards UNCTAD to assist them in the process of

regional integration. UNCTAD could be of great assistance to countries with transition economies and developing countries in attracting more foreign investment and facilitating transfer of technology, thereby strengthening their economic capacity and preventing their marginalization.

22. Ms. McVEY (Canada) said that, following the 1996 Midrand conference, UNCTAD was closer to its goal of facilitating the full integration of developing countries in world trade. The follow-up to that conference was a critical part of the reform of UNCTAD and the efforts to streamline its work. The key points agreed at the Midrand conference - the focus on capacity-building in developing countries and a result-oriented work programme with technical cooperation activities targeted to the countries most likely to benefit from them - must remain the starting-points for follow-up. The work of the commissions of UNCTAD and discussions on the programme budget and the medium-term plan in the Fifth Committee should also be based on the Midrand conclusions.

23. The potential for UNCTAD to play a supportive role in the new global economy was slowly being realized; therefore, implementation of the conclusions of the Midrand conference remained the most important part of its agenda.

The meeting rose at 5.25 p.m.